



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

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September 21, 2010

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**DEPARTMENT OF PUBLIC WORKS:
MARTIN LUTHER KING, JR. MEDICAL CENTER
INPATIENT TOWER RENOVATION PROJECT
AUTHORIZE PURCHASE AGREEMENT
SPECS. 7055; C.P. NO. 88945
(SECOND DISTRICT) (3 VOTES)**

SUBJECT

This action is to authorize the execution of a purchase agreement for various pieces of electrical and mechanical equipment with the selected design-builder.

IT IS RECOMMENDED THAT YOUR BOARD:

Following receipt of design-build proposals for the Inpatient Tower Renovation Project, evaluation of the proposals and identification by Public Works of the apparent most advantageous proposal, authorize the Director of Public Works to execute a purchase agreement with such identified proposer for the procurement of electrical and mechanical equipment prior to award of the design-build agreement for a \$10,600,000 not-to-exceed amount funded by existing project funds.

Board of Supervisors
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First District

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Third District

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PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the recommended action will allow the Department of Public Works (Public Works) to execute a purchase agreement with the selected proposer for the procurement of electrical and mechanical equipment for a \$10,600,000 not-to-exceed amount. Approval will also facilitate completion of the Inpatient Tower Renovation (IPT) and Multi-Service Ambulatory Care Center/Ancillary (MACC) Projects at Martin Luther King, Jr. (MLK) Medical Center within the current project schedule.

Background

On August 18, 2009, your Board established Capital Project (C.P.) No. 88945 for the IPT and C.P. No. 70947 for the MACC, and on November 3, 2009, authorized Public Works to proceed with the design of the two projects.

Early Purchase of Material

In order to meet the schedule for the IPT project and the reopening of the hospital, one of the most critical elements of construction is the expansion and renovation of the Central Plant. In order to keep the existing MACC Building and the Hawkins Inpatient Psychiatric Building operational during construction, the Central Plant must be built in three successive phases. The first phase includes the purchase and installation of the large mechanical equipment, including boilers, chillers, and cooling towers. Also, as part of the renovation of the IPT, it is necessary to place the roof top air handling equipment in order to install the roof and make the building weather tight ahead of major interior work. Elevators, electrical switch gear, and generators need to be purchased early to assure timely completion of the project and opening of the hospital on schedule. The lead time for the delivery of the equipment is currently estimated to be approximately six months. Early purchase of this equipment will help to assure completion of the project on schedule.

Therefore, we recommend that your Board authorize Public Works to award and execute a purchase agreement with the apparent most advantageous design-build proposer for acquisition of the electrical and mechanical equipment needed for the project at the equipment price stated in such proposer's design-build cost proposal, contingent on the proposed price not exceeding \$10,600,000. The cost of the equipment is currently estimated to be about \$10,600,000 and is specifically listed in Attachment B.

Entering into a purchase agreement does not commit the County to award the design-build contract for the project to the firm identified by the evaluation panel as the apparent most advantageous proposer. If, at the time we return to your Board to recommend award of the design-build agreement, your Board, in its discretion, elects to not award the design-build agreement, or to award to a different design-builder, the firm to which the purchase agreement was awarded would furnish the equipment to the

County, and it would be installed by the firm awarded the design-build contract. The price of this equipment will be specifically listed by each of the design-builders as part of their bid, and Public Works will only execute this agreement if Public Works determines that the amount proposed is reasonable and fair based on the disclosed subcontract amounts and prevailing market conditions. If the amount of the bid exceeds \$10,600,000 and if the Director of Public Works believes it is fair and reasonable, Public Works will return to your Board for the approval of the purchase contract.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan directs that we provide Service Excellence (Goal 1), Fiscal Responsibility (Goal 4), and Children and Families' Well-Being (Goal 5), by investing in public health infrastructure to enhance the safety of the patients and staff.

FISCAL IMPACT/FINANCING

The IPT Project is estimated to cost \$208,500,000. The MACC/Ancillary Building Project is estimated to cost \$145,300,000. The combined cost for both projects is estimated at \$353,800,000. The projects are currently funded with tax-exempt commercial paper, but will ultimately be financed through the issuance of long-term bonds. As a separate item on today's agenda, your Board is being requested to approve shifting the scope of the Ancillary Building from the MACC Project to the IPT Project. If approved, that would result in an adjustment of the project budgets. The projects are currently funded with tax-exempt commercial paper, but will ultimately be financed through the issuance of long-term bonds. The Project Schedule and Budget Summaries are included in the Attachment A.

Recommendations on the par amount of each bond type to be issued will be based on market conditions and discussions with the Treasurer and Tax Collector and presented to your Board for approval prior to implementation of the financing.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Purchase Contract

A purchase contract will be used for the early purchase of the mechanical equipment. The contract has been approved as to form by County Counsel.

Board Ordinances, Policies, and Programs

The contract will contain terms and conditions supporting your Board's ordinances, policies, and programs, including but not limited to: County's Greater Avenues for Independence and General Relief Opportunities for Work Programs (GAIN/GROW), Board Policy No. 5.050; Contract Language to Assist in Placement of Displaced County Workers, Board Policy No. 5.110; Reporting of Improper Solicitations, Board Policy

No. 5.060; Notice to Contract Employees of Newborn Abandonment Law (Safely Surrendered Baby Law), Board Policy No. 5.135; Contractor Employee Jury Service Program, Los Angeles County Code, Chapter 2.203; Notice to Employees regarding the Federal Earned Income Credit (Federal Income Tax Law, Internal Revenue Service Notice 1015); Contractor Responsibility and Debarment, Los Angeles County Code, Chapter 2.202; and the Los Angeles County's Child Support Compliance Program, Los Angeles County Code, Chapter 2.200; and the standard Board-directed clauses that provide for contract termination or renegotiation.

ENVIRONMENTAL DOCUMENTATION

On August 18, 2009, your Board found the IPT Project is categorically exempt from the California Environmental Quality Act. The proposed purchase of equipment is within the scope of the original IPT Project and categorical exemption, which was approved by your Board.

CONTRACTING PROCESS

In this action, your Board is being asked to authorize the Director of Public Works to execute a purchase agreement for electrical and mechanical equipment.

We have completed prequalification of design-builders for the IPT Project and established a shortlist of prequalified firms, including McCarthy, Pankow, and Swinerton. After receipt of design-build proposals, we will return to your Board with a recommendation to award the design-build contract for the IPT Project scheduled for January 2011.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There will be no negative impact on current County services or projects during the performance of the recommended services.

The MACC and the Hawkins Building will remain fully operational during construction. Public Works and its consultants have worked with the Department of Health Services to develop construction staging and phasing plans that minimize impact to operations during construction.

CONCLUSION

Please return one adopted copy of this letter to the Chief Executive Office, Capital Projects Division; Department of Health Services; and Public Works, Project Management Division I.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'WTF' followed by a stylized flourish.

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:GF:SK
DJT:SW:zu

Attachments (2)

c: Executive Office, Board of Supervisors
County Counsel
Health Services
Public Works

September 21, 2010

ATTACHMENT A

DEPARTMENT OF PUBLIC WORKS: MARTIN LUTHER KING, JR. MEDICAL CENTER REPLACEMENT PROJECT INPATIENT TOWER RENOVATION PROJECT AUTHORIZE PURCHASE AGREEMENT SPECS. 7055; C.P. NO. 88945

I. PROJECT SCHEDULE

Project Activity	Board Approved Completion Dates 07/06/10	Revised Completion Dates
Environmental Impact Report	10/31/2010	01/15/2011
C.P. 88945		
MAKE-READY		
Programming	09/18/2009	09/18/2009
Design	04/29/2010	04/29/2010
Jurisdictional Agency Approval	07/27/2010	07/27/2010
Construction Bid and Award (JOC)	08/19/2010	08/19/2010
Construction		
Substantial Completion	11/01/2010	11/01/2011
Acceptance	12/16/2010	12/01/2011
INPATIENT TOWER RENOVATION AND SUPPORT SPACE		
Programming	09/18/2009	09/18/2009
Design	03/31/2011	03/31/2011
Jurisdictional Agency Approval	06/31/2011	06/31/2011
Award Design-build	06/31/2011	03/01/2011
Construction		
Substantial Completion	12/31/2012	01/15/2013
Acceptance	05/28/2013	05/28/2013
Building Occupancy	06/30/2013	06/30/2013
C.P. 70947		
NEW MACC/ANCILLARY AND SUPPORT SPACE		
Programming	09/18/2009	09/18/2009
Scoping Design	07/31/2010	10/13/2010
Award Design-Build	01/31/2011	03/29/2011
Jurisdictional Agency Approval	By Design Builder	By Design Builder
Construction Bid and Award (D-B)	N/A	N/A
Construction		
Substantial Completion	04/30/2013	06/23/2013
Acceptance	10/30/2013	12/23/2013
Building Occupancy	01/30/2014	03/23/2014

II. PROJECT BUDGET SUMMARY INPATIENT TOWER RENOVATION AND MAKE-READY (C.P. 88945)

Budget Category	Previously Approved Budget	Impact of this Action	Current Project Budget
Land Acquisition	\$ 0	\$ 0	\$ 0
Construction			
Low Bid Construction Contract	\$137,600,000	\$15,200,000	\$152,800,000
Job Order Contract	8,300,000	0	8,300,000
Change Orders	21,200,000	1,520,000	22,720,000
Departmental Crafts	0	0	0
Construction Consultants	0	0	0
Telecomm Equip - Affixed to Building	0	0	0
Civic Arts	0	0	0
Subtotal	\$167,100,000	\$16,720,000	\$183,820,000
Programming/ Development	\$ 0	\$ 0	\$ 0
Plans and Specifications			
Architect/Engineer Fee	\$ 15,628,000	\$ 0	\$ 15,628,000
Design Contingency	1,500,000	1,400,000	2,900,000
Subtotal	\$ 17,128,000	\$ 1,400,000	\$ 18,528,000
Consultant Services			
Site Planning	\$ 0	\$ 0	\$ 0
Hazardous Materials	150,000	10,000	160,000
Geotech/Soils Report and Soils Testing	200,000	15,000	215,000
Material Testing	550,000	40,000	590,000
Cost Estimating	0	0	0
Inspection Services	1,500,000	200,000	1,700,000
Topographic Surveys	0	0	0
Construction Management	5,650,000	590,000	6,240,000
Document and Project Controls	3,000,000	205,000	3,205,000
Labor/Outreach/Local Worker Hiring Program	500,000	35,000	535,000
Environmental	0	0	0
Move Management (Move Manager Only)	200,000	15,000	215,000
Equipment Planning	0	0	0
Contract/Change Order	0	0	0
Subtotal	\$ 11,750,000	\$ 1,110,000	\$ 12,860,000
Miscellaneous Expenditures	\$ 300,000	\$ 0	\$ 300,000
Jurisdictional Review/Plan Check/Permit	\$ 2,900,000	\$ 200,000	\$ 3,100,000
County Services			
Code Compliance Inspection	\$ 250,000	\$ 15,000	\$ 265,000
Quality Control Inspection	0	0	0
Design Review	200,000	15,000	215,000
Design Services	0	0	0
Contract Administration	500,000	35,000	535,000
Project Management	2,800,000	300,000	3,100,000
Project Management Support Services	2,672,000	180,000	2,852,000
ISD Job Order Contract Management	0	0	0
DPW Job Order Contract Management	200,000	15,000	215,000
ISD ITS Communications	1,100,000	75,000	1,175,000
Project Technical Support	1,400,000	100,000	1,500,000
Office of Affirmative Action	200,000	15,000	215,000
County Counsel	0	0	0
Other - GMED	0	0	0
Other - Contract Management - LWHP	0	0	0
Subtotal	\$ 9,322,000	\$ 750,000	\$ 10,072,000
TOTAL	\$208,500,000	\$20,180,000	\$228,680,000

III. NEW MACC/ANCILLARY (C.P. 70947)

	Previously Approved Budget	Impact of this Action	Current Project Budget
Land Acquisition	\$ 0	\$ 0	\$ 0
Construction			
Design-Build Construction Contract	\$110,200,00	\$ (15,200,00)	\$ 95,000,000
Job Order Contract	1,000,000	0	1,000,000
Change Orders	10,300,000	(1,520,000)	8,780,000
Departmental Crafts	0	0	0
Construction Consultants	0	0	0
Telecomm Equip - Affixed to Building	0	0	0
Civic Arts	1,000,000	0	1,000,000
Subtotal	\$122,500,00	\$(16,720,000)	\$105,780,000
Programming/ Development	\$ 0	\$ 0	\$ 0
Plans and Specifications			
Architect/Engineer Fee	\$ 3,322,000	\$ 0	\$ 3,322,000
Design Contingency	1,178,000	(420,000)	758,000
Subtotal	\$ 4,500,000	\$ (420,000)	\$ 4,080,000
Consultant Services			
Site Planning	\$ 0	\$ 0	\$ 0
Hazardous Materials	150,000	(15,000)	135,000
Geotech/Soils Report and Soils Testing	200,000	(30,000)	170,000
Material Testing	1,000,000	(150,000)	850,000
Cost Estimating	0	0	0
Inspection Services	500,000	(75,000)	425,000
Topographic Surveys	0	0	0
Construction Management	4,350,000	(855,000)	3,495,000
Document and Project Controls	2,000,000	(300,000)	1,700,000
Labor/Outreach/Local Worker Hiring Program	500,000	(75,000)	425,000
Environmental	700,000	(100,000)	600,000
Move Management (Move Manager Only)	0	0	0
Equipment Planning	0	0	0
Contract/Change Order	0	0	0
Subtotal	\$ 9,400,000	\$ (1,600,000)	\$ 7,800,000
Miscellaneous Expenditures	\$ 250,000	\$ (40,000)	\$ 210,000
Jurisdictional Review/Plan Check/Permit	\$ 600,000	\$ (100,000)	\$ 500,000
County Services			
Code Compliance Inspection	\$ 1,000,000	\$ (150,000)	\$ 850,000
Quality Control Inspection	0	0	0
Design Review	200,000	(30,000)	170,000
Design Services	0	0	0
Contract Administration	300,000	0	300,000
Project Management	2,500,000	(430,000)	2,070,000
Project Management Support Services	2,000,000	(400,000)	1,600,000
ISD Job Order Contract Management	0	0	0
DPW Job Order Contract Management	100,000	(15,000)	85,000
ISD ITS Communications	700,000	(100,000)	600,000
Project Technical Support	1,100,000	(150,000)	950,000
Office of Affirmative Action	150,000	(25,000)	125,000
County Counsel	0	0	0
Other - GMED	0	0	0
Other - Contract Management - LWHP	0	0	0
Subtotal	\$ 8,050,000	\$ (1,300,000)	\$ 6,750,000
TOTAL	\$145,300,000	\$ (20,180,000)	\$125,120,000

September 21, 2010

ATTACHMENT B

**DEPARTMENT OF PUBLIC WORKS:
MARTIN LUTHER KING, JR. MEDICAL CENTER REPLACEMENT PROJECT
INPATIENT TOWER RENOVATION PROJECT
AUTHORIZE PURCHASE AGREEMENT
SPECS. 7055; C.P. NO. 88945**

COST OF EQUIPMENT

Equipment for Early Procurement	
Item	Estimated Cost
Chillers	\$ 3,400,000
Cooling Towers	1,000,000
Generators	2,000,000
Switchgear	1,000,000
Elevators	400,000
Roof Air Handlers	2,400,000
Roof Chiller	400,000
Not-to-Exceed Authorization	\$10,600,000